

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 13, 2008

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2010)
JEB SPAULDING, VT State Treasurer
ROBERT HOOPER, VSEA member (term expiring September 2010)
KEVIN GAFFNEY, VSEA member (term expiring September 2009)
SUE ZELLER, representing JAMES REARDON, Commissioner of Finance & Management
JOE HEALY, Vermont Retired State Employees' Assoc. Alternate, (term expiring September, 2009)
DAVID HERLIHY, Commissioner of Human Resources
DICK JOHANNESSEN, Governor's Delegate

Members absent:

None

Also attending:

Beth Pearce, Deputy State Treasurer
Bill Rice, Law and Policy Director
David Minot, Director of Investment Services
Cynthia Webster, Director of Retirement Policy and Outreach
Karl Kroner and Jonathan Smith, Great West Retirement Services

Chairperson Warren Whitney, called the meeting to order at 8:37 a.m. on Thursday, November 13, 2008 in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Approve the minutes of:

- **October 29, 2008 meeting**

On motion of Mr. Hooper seconded by Mr. Johannesen, it was voted to approve the minutes of October 29, 2008, with amendments. Mr. Gaffney abstained; all others voted aye.

ITEM 2: Discuss/Act on Disability Retirement Recommendation for:

- **Thomas J. Vasta, new**

On a motion by Mr. Hooper seconded by Mr. Herlihy, the Board unanimously voted to approve the disability retirement for Thomas J. Vasta without review as recommended by the Medical Review Board.

ITEM 3: Discuss/Act on § 457 Emergency Withdrawal Requests

On motion of Mr. Herlihy seconded by Mr. Healy, the Board unanimously voted to move into executive session at 8:50 a.m pursuant to Title 1, § 313 for the purpose of discussing confidential employee information. The Board moved out of executive session at 8:53 a.m.

On motion of Mr. Healy seconded by Mr. Johannesen, it was unanimously voted to accept the recommendation of Great West to approve the emergency withdrawal request of Pam Perry for the sum of \$1,444.

On motion of Mr. Hooper seconded by Mr. Healy, it was unanimously voted to accept the recommendation of Great West to approve the emergency withdrawal request of Maurice Patoine for the sum of \$3,639.86.

ITEM 4: State of Vermont 457 Deferred Compensation Plan Quarterly Review

Karl Kroner and Jonathan Smith presented an overview of the 457 plan for the quarter ending September 30, 2008.

The Board expressed concern that some of the information contained on the State of Vermont 457 web site did not appear to be up-to-date. It was determined that Great West's technology and marketing divisions are responsible for keeping the web site updated on an on-going basis.

A sub-committee comprised of Mr. Dumas, Mr. Hooper and Ms. Webster will review the new Reality Investing marketing materials when available and the web site to determine if changes are necessary.

Beth Pearce joined the meeting to discuss the 457 contract changes. The Administration has provided written approval for a 5 year contract waiver, and given verbal approval for a 7 year waiver. The potential savings if granted a waiver to extend the contract for 7 years is projected to be over \$393,000. Changes to the contract include adding Reality Investing and a \$2.50 reduction to the 457 Plan for every teacher that elects to participate in both the 457 plan and the VSTRS 403(b) program.

Reality Investing will be available to 457 participants when the amendment to the existing contract has been signed. It is currently being reviewed by the legal staff at Great West. Great West will get back to Treasurer's staff within the next week to confirm date it will be available.

On motion of Mr. Johannesen seconded by Mr. Gaffney, it was unanimously voted to approve the 457 report for the third quarter pending audit.

Ms. Zeller left the meeting.

Mr. Kroner provided a quick overview of the status of the VSTRS 403(b) Investment Program. Vanguard funds have agreed to honor fees similar to those available in the 457 plan. A third Account Executive has been hired by Great West to cover southern Vermont for both the 457 plan and the 403(b) program.

Mr. Kroner went over the activity of the Single Deposit Investment Account for the quarter ending September 30, 2008.

Mr. Rice reported that automatic enrollment in the 457 plan for the new employees is on the agenda at the next VSEA retirement committee meeting scheduled for November 19, 2008.

On motion of Mr. Whitney seconded by Mr. Hooper, it was unanimously voted to move into executive session at 10:16 a.m. pursuant to Title 1, § 313 for purposes of discussing contractual issues. Staff was invited to participate in the executive session. The board moved out of executive session at 10:33 a.m.

ITEM 5: Review of 457 Plan Investment Line-Up

Mr. Minot advised the current 457 plan investments represent an excellent line-up in a down market, and would not suggest any changes at this time. He stated the FTSE Social Index fund and the T. Rowe Price Small Cap fund are on his watch list, but the recent quarter returns reflected better expense ratios.

ITEM 6: Any other business to be brought before the Board

Mr. Spaulding advised the Board that Monica Chiren would be assisting with the minutes and coordination of board packets beginning in December.

On a motion by Mr. Healy seconded by Mr. Gaffney, it was unanimously voted to adjourn at 10:48 a.m.

Respectfully submitted,

Cynthia Webster, Secretary to the Board

Next Meeting Dates:

December 11, 2008 – *Conference Call* business meeting